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ABSTRACT

Organizations that provide training to small- and mid-sized companies must take a broad look at companies' performance needs and offer a package of services that will address their performance problems. Providers must also help the company to see the connection between investments in human capital and increased productivity. Organizational performance assessment can help in both of these areas. An organizational performance assessment examines a company's work processes, organizational environment, customer service, and human resources in order to determine the factors affecting the company's overall performance. A good assessment then identifies a range of services the company might need, including technology enhancements, work process restructuring, labor-management changes, and workplace training. In order to assess work force performance, training providers should do the following: (1) understand the business context in which the company customers are operating, including rationale, business process, organizational environment, customer service, and human resources; (2) speak to businesses in the language of the business; (3) select an assessment instrument appropriate to the provider's skills and the company's needs; and (4) use that assessment effectively. (KC)

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BUSINESS ASSISTANCE NOTE #5

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Looking at Training in Business Context

The Role of Organizational Performance Assessments

More and more frequently, it is the workforce that enables a company to improve productivity and create value in the marketplace. Because of this link between a firm's workforce and profitability, education and training providers can have a direct effect on a firm's competitiveness. To be successful, however, education and training providers must take a *broad* look at companies' performance needs, and offer a *package* of services that will address the companies' performance problems.

Providers concerned with increasing learning opportunities within a business must also help the company see the connection between investments in human capital and increased productivity. This requires more than using the right words – it requires understanding business' underlying concerns. Recommendations for ongoing learning must be rooted in business issues and challenges. Providers must be able to sell their services based on how that learning opportunity will improve a company's performance.

Organizational performance assessments can help in both of these areas. Providers can use these assessments to pinpoint companies' performance problems, and devise service strategies that will produce improved business results. And, because these assessments focus providers on business results, they provide a framework for marketing services in terms relevant to the providers' company customers – demonstrated impact on company effectiveness.

This *Business Assistance Note* will help organizations providing training to small and mid-sized companies – such as community colleges, workplace literacy programs, and manufacturing extension centers and programs – better understand the business context in which training takes place. It will help organizations look first at a company's performance problems, then at the solutions for those problems, and finally at training, to see if it is an appropriate component of the company's overall performance improvement effort. By placing training within the context of a larger company improvement effort, organizations will be better able to articulate the value education and training can add to business success.

This note will show how organizational performance assessments can help providers

- ❑ Deliver the services companies need to improve their performance;
- ❑ Understand the business context in which their company customers are operating; and
- ❑ Speak to businesses in the businesses' own language.

It will also help providers

- ❑ Select an assessment instrument appropriate to the providers' skills and the companies' needs; and
- ❑ Use that assessment most effectively.

This publication is for. . .

- ✔ Community colleges
- ✔ Universities
- ✔ Manufacturing technology centers
- ✔ State literacy and training programs
- ✔ State economic development and technology offices
- ✔ Labor-management associations
- ✔ Business organizations
- ✔ Trade and professional associations
- ✔ Business development centers
- ✔ Private industry councils
- ✔ Workplace literacy providers
- ✔ Non-profit organizations
- ✔ Private consulting firms

Delivering Performance Improvement

Organizational performance assessments are the key to ensuring that a link exists between a provider's services and a company's performance. An organizational performance assessment examines a company's work processes, organizational environment, customer service, *and* human resources in order to determine the factors affecting the company's *overall*

CE 074 267

performance. A good assessment then identifies a *range* of services the company might need, including technology enhancements, work process restructuring, labor-management changes, *and* workplace training.

An organizational performance assessment does not assume training – or any other service – is the solution to a company's performance problems. It recognizes that performance problems could result from a variety of causes. Similar performance problems – poor customer relations, for example – might even result from very different causes, each requiring very different solutions:

- A company's equipment for communicating with its customers might be overly cumbersome – requiring a technology solution;
- A company's production process might result in a high defect rate or delayed deliveries – requiring a work process solution;
- A company's employees might not have an incentive to meet customer needs – requiring a labor-management solution; or
- A company's employees might not have the skills to meet customer needs – requiring a training solution.

Service providers that tried to use training to solve the problems in the first three examples would be destined to fail. In these instances, customer relations would continue to be poor even after employees' skills were improved. Training would only lead to improved company performance in the last example, where employees' skills were at the root of the problem.

Clearly, training is not always the solution to a company's performance problems. When training is not the solution, selling training would be counterproductive. In the end, the performance problems would remain, the client would be dissatisfied, and repeat and referral business would not materialize.

Successful training providers know not to offer companies inappropriate services. These providers are prepared, however, to help companies, no matter what service needs are identified by an organizational performance assessment.

Training providers that are multifaceted, and capable of addressing non-training performance problems, provide needed non-training services themselves. Providers without these skills could develop lists, and make referrals to local providers offering the services. By checking back with the companies using these providers, the training organizations could even begin to build quality information into their referral lists.

Training providers could also enter into *strategic alliances* with other providers, so that *together* they could meet the wide range of needs companies might have. In these alliances, any member provider might serve as the initial company contact, but all of the relevant partners would participate on the service delivery team.[1]

Successful training providers *solve companies' problems*. They work with companies to identify the companies' performance problems, and then they devise strategies for addressing these problems. Organizational performance assessments are the key providers need for solving company problems. They are the instruments training organizations can use to identify both companies' performance problems *and* the solutions to these problems. They can also keep providers from offering training solutions to non-training problems.

Understanding the Business Context

Organizational performance assessments gather information about the internal and external factors affecting company operations and individual performance, including business strategies, markets, and capabilities. In other words, performance assessments should help providers gain an understanding of a company's *business context*.

A literature review[2] suggests that assessment instruments should capture information on a company's 1) rationale for seeking assistance, 2) business processes, 3) organizational environment, 4) ability to provide customer service, and 5) human resource conditions.

- ***Rationale.*** Assessment instruments should help providers learn about the events and conditions

The Value of Organizational Performance Assessment: An Example

A foundry that produced cast metal parts experienced a tremendous decrease in orders and revenue because of cutbacks on the part of its primary customer, the United States Department of Defense. To compensate for this shortfall, the company identified its core competencies and sought out new markets. Its new commercial customers, however, demanded shorter lead times than its former military customers, and the company soon had problems meeting these tighter production schedules. Management thought there was a "training problem," and sought out a training provider.

Luckily, the company found a performance consultant who studied the plant and found that there were a variety of contributing factors to the performance problem. A recycling process the company had recently initiated in the casting operation was interrupting the work flow. A bottleneck in the finishing department developed because reused sand required more grinding and disking to meet the company's quality standards. The performance consultant recommended work reorganization linked with training for existing workers, along with a more comprehensive training program for new employees hired to meet the increased demand for the company's products.

that caused a company to seek help, and the results the company wants from any intervention. They should also help providers discover why the company thinks training and education might be a solution to its current problems.

- ***Business Process.*** Assessment instruments should help providers learn the nature of a company's business – the focus of its activities, and its key production processes. They should also inform providers about the company's current status – whether the company is operating at a profit or loss, and what, if any, problems the company is experiencing.

  Assessments should also help providers learn about any work process changes (in business, technology, or culture) that might affect a company's operations. What changes has the company made recently? Has it documented these changes? What developments or improvements are currently underway in the company? What changes does the company plan for the future?

- ***Organizational Environment.*** Assessments should provide insight into a company's organizational environment, particularly the company's structure, and the role of employees in the firm. Assessments should guide providers to a company's strategic business plan, or vision for the future, the company has documented and shared with its employees. To accomplish this, the assessment instrument should include questions about how communication is handled within the company, how soon and by what methods information is disseminated to the workforce. It should also discern whether employees understand their current role in the company, and whether the employees know what will be expected of them in the future.

  Assessments should ask whether a company is planning a reorganization. They should focus providers on the forces driving and restraining change in the company, and pinpoint whether these forces are internal or external.

- ***Customer Service.*** Assessment instruments should help providers understand the relationship a company has with its customers. Do the company's customers consider its products high quality, and its services timely and cost effective? What are the most important products and services the company provides to its customers now? Does the company expect these to change? How?

  Assessments should also help providers understand how a company learns from its customers. Has the company used surveys or other measures to solicit customer input? Does it make systematic use of sales data to gauge customer demand? Does it follow up on customer returns and use customer complaints to improve products and services?

- ***Human Resources.*** For providers specializing in training, an assessment instrument's treatment of human resource issues might be its most important feature. Assessments should help providers understand the current state of a company's human resources. They should collect information on the characteristics of the company's workforce (e.g. gender, age, ethnicity, primary language, education, experience, disabilities, union affiliation), and on tasks required for various company jobs. Part of the data gathering on human resources should include information about the internal reward system and whether there are any incentives for employees to learn and grow in the company, as well as whether there are any processes in place for the company to learn from itself.

  Assessments should focus on how the training function is currently carried out. They should find out how training takes place in the company, and who in the company makes decisions about conducting training assessments and implementing training. Information about whether the company has a training budget (and what size that budget is), what the company spends its training dollars on, and what portion of the company's training dollars are spent on each employee level in the workforce should also be collected as part of an organizational performance assessment.

  Assessments should also capture future-oriented information on human resources. They should inform providers about what a company expects to get from training (e.g., the aspects of productivity – technology, process, staffing, organization, products, services – a company wants affected), and how the company wants to track and evaluate training success. They should also provide information

High Quality Organizational Assessments

Assessments should collect information on a company's

- ✔ Rationale
- ✔ Business process
- ✔ Organizational environment
- ✔ Customer service
- ✔ Human resources

on whom (e.g. company personnel, consultants) the company wants to conduct any training identified as necessary.

Organizational performance assessments are not only useful to providers seeking to understand companies, they also offer companies new and insightful information about their own business activities. Providers focused on helping small and mid-sized companies improve and modernize their operations must begin with an assessment that captures information in all five of the areas discussed above and gives the provider and company client a common base of data from which to proceed. The assessment should review the current strengths, weaknesses, and challenges confronting companies, and document the broad range of factors that influence company productivity and performance. Only then can providers, along with their client companies, begin to determine if and how training and education might solve a company's performance problems and contribute to improved organizational performance.

Speaking The Language of Business

Solving companies' problems is a necessary, but not sufficient, condition for success. Training providers must also be able to effectively *market* their services to companies. Organizational performance assessments are valuable in this regard as well. These assessments can furnish a framework for providers' marketing efforts, and help providers couch their services in a language relevant to the business world.

Marketing to companies requires training providers to understand what matters to companies, and make these issues the cornerstone of both their product lists *and* their sales pitches. *What matters to businesses?* The bottom line. Profits. Positive cash flow. *What can have an impact on these?* Productivity, product quality, and customer satisfaction; work flow and run rates; defect, scrap, and customer rejection rates; and on-time deliveries.

Organizational performance assessments focus on these very work systems and measures to identify the cause of company performance problems. In order to market their services, training providers need to make the link forward from company performance problems to company profits, and then backward from performance problems to employee skills (when employee skills play a role in these problems).

In the past, companies looked to changes in machinery, technology, work organization, or management structures to solve performance problems. Training was only sought out for very focused needs – such as preparing employees to operate new equipment, or run new computer programs – and was not seen as relevant to overall organizational performance.

Part of providers' marketing strategy must be educating companies to understand the link between employee skills and business performance. These connections will probably be new to customer companies; few businesses have thought to connect training to their bottom lines. While training providers will be plowing new ground, they are likely to find companies very receptive to this new approach. A focus on training *results* should catch companies' attention.

Once providers have a track record of delivering business results with training services, they can use this record as part of their marketing efforts. In this way, the providers can offer a *retrospective* as well as a *prospective* promise of bottom line benefits.

The connection between learning and business results is new to training providers as well. Many providers have backgrounds in education or human resources, and are not used to placing training within the broader context of business performance. Organizational performance assessments give these providers the opportunity to study business processes, and link the services they can provide to the results companies want.

Providers who market training without ensuring that the training will have a positive impact on firm performance are consigning themselves to a future of one-time sales and no referrals. Only providers who first determine that training will solve a company's performance problems, and then ensure that any training provided is incorporated into the company's work practices, will garner repeat sales and an expanded client base.

Selecting an Assessment Instrument

There are many good organizational performance assessment instruments on the market. In selecting an assessment instrument, providers should not only look at whether the instrument covers the five content areas discussed earlier in "Understanding the Business Context," they should also determine whether the instrument is targeted both to their skills and to the needs of the company being assessed. This implies that there is not one "right" assessment for every situation. Instead, providers might well need to use different instruments in different circumstances.

Analyzing the appropriateness of an assessment instrument's *process* requires a focus on 1) the experience a provider would need to administer the assessment, and 2) the company conditions for which the assessment would be appropriate.

- ***Provider's Experience.*** In reviewing potential assessment instruments, providers should determine, for each instrument, who is required to conduct an

assessment, the level of expertise needed to conduct an assessment, and whether training or certification is required to conduct an assessment. They should then compare their experience to each instrument's requirements, and select potential matches.

- ***Company's Needs.*** Assessment instruments that match a provider's expertise should also be compared to the needs of the company that will be assessed. Some assessments work best for companies in particular industries, or for companies of a particular size. Providers must make sure a match exists in this area. If a match does not exist, providers should check to see if the assessment can be customized easily.

The resources companies are willing to invest in the assessment process may vary as well. Providers need to make sure that any instruments they select will match a company's time commitment, as well as its "people" commitment, that is, the individuals (e.g. human resource department, executives, managers, employees) they are willing to involve in the process.

Finally, providers need to determine whether an assessment meets all of a company's particular interests. If necessary, is it portable across the company's divisions or departments? Does it produce results in the format (e.g. computer printout, narrative, both) the company wants? How much does it cost to acquire and deliver the assessment, and is this cost within the company's budget?

Choosing an appropriate instrument for an organizational performance assessment is critical. The instrument must both help a provider determine company needs and not prove overly burdensome to company staff who participate in the assessment process. Maintaining a balance between the quality (and comprehensiveness) of the assessment *and* any inconvenience (and cost) to the company customer is the challenge all providers must struggle with.

Using Assessment Instruments

After selecting a performance assessment, providers will need to work with their customer companies to apply the instrument. Most organizational performance assessments require a provider to collect written information from the company being reviewed, tour the company's operations, and interview employees from all levels of the company. These interviews could be conducted through written surveys, focus groups, one-on-one conversations, or some combination of these.

There are a number of steps for conducting assessments that are relatively consistent across instruments, though they may not be applicable for every assessment:

1. Gather a significant amount of data before the formal assessment begins, to make sure that a performance assessment is as useful as possible. The person conducting the assessment should gain a good understanding of the company, its current climate and challenges, and the company's key motivation for seeking assistance.
2. Discuss the assessment process with the company's CEO and other key managers, explaining the assessment's purpose, the role these individuals and others in the company will have to play, and the results the company can expect.
3. Prepare a carefully timed agenda for on-site interviews and focus groups, as well as a tour of company operations. Have someone from the company assigned to ensure that company personnel are available and prepared for their roles in the assessment.
4. Collect background information on the company's performance, products, and industry status. Ask to see such company documents as the organizational chart, employment applications, job descriptions, performance review forms, the employee handbook, and any pre-employment tests the company uses.
5. Visit the company to tour the facilities and view the production process.
6. Develop and administer a written

Selecting an Assessment Instrument: Preliminary Activities

Before looking at possible assessment instruments, providers will need to gather some preliminary company information to use in determining whether an assessment instrument will meet that particular company's needs. This information includes

- ✔ How much time the company is willing to devote to the assessment effort;
- ✔ How many and which individuals the company is willing to involve in the process;
- ✔ The number of employees in the company;
- ✔ The company's industry;
- ✔ The number and types of divisions/departments the company wants included in the assessment; and
- ✔ The final product the company wants to receive at the end of the assessment (e.g. computer printout, narrative, both).

survey that captures the views of a large cross section of company employees.

7. Conduct focus groups and interviews. Create an informal, non-threatening atmosphere by assuring all personnel that information is confidential and will be reported without reference to individual employees. When all interviews and focus groups are completed, meet with company officials and provide a brief summary of the sessions.
8. Prepare a report based on the document reviews, site visits, survey results, and interviews and focus groups within two to three weeks of completing the assessment. The report should be organized in a fashion that helps senior management to quickly understand the *systems* influences that will inhibit the company or propel it forward.

No matter how good the process and how much valuable information is gathered, it must be communicated to the business in a form that is easy to understand and incorporate into ongoing processes and practices. This may require both an oral presentation as well as a written report, and it may require working with the management to determine how to communicate the results to all employees.

Once an organizational assessment is completed, providers can move on to examining the skills and abilities of the people in the organization. The organizational performance assessment will have provided a context for this more traditional training assessment, highlighting the skills on which the provider should focus its study.

Endnotes:

For more information on providing comprehensive services and strategic alliances, see the National Workforce Assistance Collaborative's publication *Delivering Integrated Services: Models for Facilitating Change in Small and Mid-Sized Firms* (Washington, DC: National Alliance of Business, 1997.)

See the list of resources following these endnotes for literature on organizational performance assessment.

For more information on measuring the impact of training, see the National Workforce Assistance Collaborative's publication *Assessing the Value of Workforce Training* (Washington, DC: National Alliance of Business, 1997).

Further information on organizational performance assessments can be obtained from:

American Society for Training and Development (ASTD), 1640 King Street, P.O. Box 1443, Alexandria, VA 22313. Phone: 713/683-8100; fax: 703/683-8103.

International Society for Performance Improvement (IPSI), 1300 L Street, NW, Suite 1250, Washington, DC 20005. Phone: 202/408-7969; fax: 202/408-7972.

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–Phyllis Snyder, Council for Adult and Experiential Learning, and Terri Bergman, Consultant. April 1997

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